



Bullet Background Paper on: Exempting Athletes engaged in Contact Sports from the Workers Compensation Act

The Billings Outlaws organization is requesting our players be exempted from traditional worker's compensation insurance in favor of providing health insurance and disability insurance.

Football is a collision sport and the reality is players will suffer injuries. Most injuries are minor, but some can be more serious and involve surgery. The Outlaws organization was notified for the 2007 playing season we would have a Worker's Compensation Insurance rate of \$2.82 amounting to \$182,584 of premium in a payroll of \$61,509.

In short, Our organization cannot survive with this level of expense and the future of professional contact sports in Montana will be cast into doubt. .

Background

- The Billings Outlaws are a professional indoor football team who play at Metrapark Arena, in Billings
- The Outlaws were formed in 2001 in the National Indoor Football League (NIFL) under different ownership
- In 2005 the team played under new ownership as the Billings Mavericks due to a trademark dispute.
- In 2006 the organization reformed under new ownership and reacquired the Federally Registered Trademark Billings Outlaws.
 - The Outlaws were 16-1 in 2006 and won the League Championship, Indoor Bowl VI, in front of a sell-out crowd of 8500 fans at Metrapark arena.
- For 2007 the Outlaws moved to the United Indoor Football Association (UIF)
- UIF is an owner owned league with stable, professional organizations.
- Indoor Football can be played in most arenas that can accommodate Hockey
- Indoor/Arena Football is second only to NASCAR as the fastest growing spectator sport in America
- Television ratings indicate, more people watch Arena/Indoor Football than NHL Hockey

Purpose for Request of Exemption

- Indoor Football does not fit WC model: Very low wages relatively high risk
- Outlaws are only member of class; no spreading of risk or claim history over a group
- Team carries 25 players on roster, 21 dress for games, paid \$200 game if they dress
- Players are essentially part-time and most have other jobs
- Due to claims history and Outlaws being only member of class, WC premium for 2007, on \$61,000 of payroll, is projected at \$140,000 - \$180,000
 - Winning another championship (3 games) would add over \$42,000 in premium
- 2005 (WC) claims abnormally high resulting in high mod rate
- 2006, new ownership increased emphasis on safety and claims management.
 - New, highest quality indoor turf available
 - Player screening
 - Improved equipment and mandatory procedures
- 2006 Claims expense projected to drop 40% from 2005 total
- Payroll, Payroll taxes, WC equal sixty percent of gross revenue potential
- Billings Outlaws WC premium is 550% higher than UIF league average
- Outlaws unlikely to survive beyond the 2007 playing season
- No other professional contact sports will be attracted to Montana

Economic Impact

- Estimate for direct impact on the Billings area is \$3.5 million annually.
- Metrapark Arena receives over \$250,000 per year from Outlaw games and activities.
 - Attendance averages 4000 per game. 5500 for playoffs
- Outlaws annual operation budget for payroll, goods and services exceeds \$500,000
- Outlaws constructing a \$3.5 million sports training center
 - Commercial access multi-use facility in Billings
 - Unique facility for year round outdoor sport training indoors
 - Football, Soccer, Volleyball, Baseball, Sports Camps
- Potential for expansion teams in cities capable of hosting indoor football.
- Without this legislation, improbable any new expansion teams/leagues will look favorably on Montana as a place to do business.
 - Potential for substantial lost opportunities for Montana's larger markets

Action

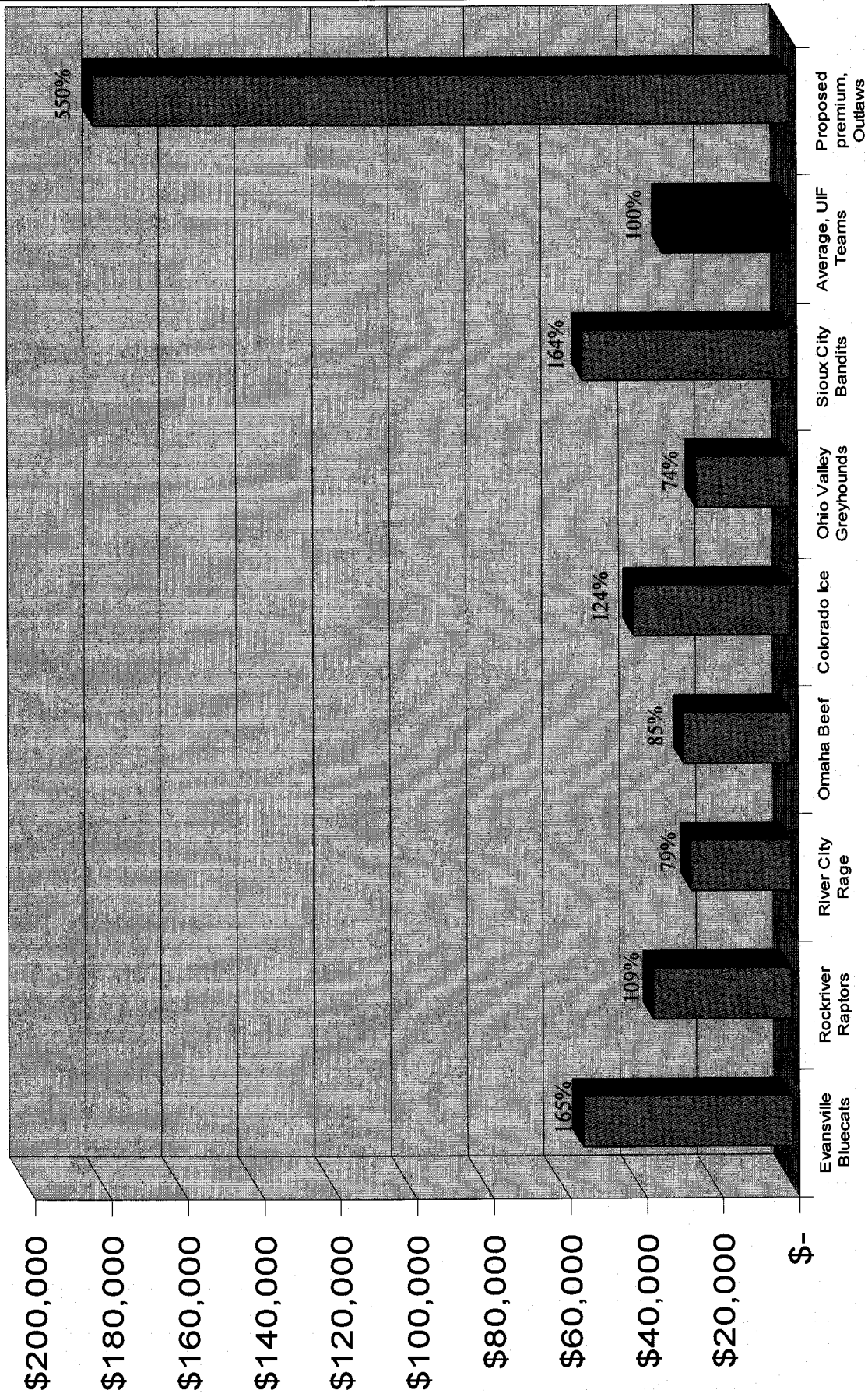
- 2007 Improvements to further increase player safety
 - Active oversight by team medical provider: The Billings Clinic
 - Members of UIF; Better organizations, facilities, and equipment
 - Completion of the new Outlaws Training Facility
 - New Turf, Physical Training room, whirlpool, Chill Tub
 - Newly hired team Trainer with NFL experience
 - Direct access to Billings Clinic Sports medicine and sports rehab
- Outlaws will procure Health Insurance Coverage for players
 - Coverage will include payment of co-pays and deductibles for players

- Additional Coverage will include disability/supplemental insurance
- Initial estimated quotes indicate substantial savings over WC
- Outlaws continue and increase efforts to reduce injuries player downtime

Wallace M. Yovetich
Assistant Director, Billings Outlaws
(406) 896-8100, (406) 690-6569,
Fax (406)896-1113
www.Billingsoutlaws.com

Worker Comp Premium Comparison

(Dollar Value and Percent of Average)



Teams

February 20, 2007

Mr. Wally Yovetich
Billings Outlaws Football Team
111 North 31st Street
Billings, MT 59101

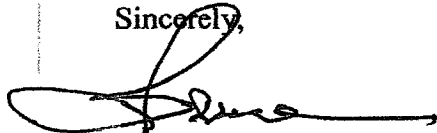
Dear Wally,

The Billings Chamber of Commerce looks at the Billings Outlaws as a great magnet for drawing people to Billings. As a part of the Chamber, our Convention and Visitors Bureau promotes tourism and convention recruitment for Billings and the surrounding area, and sports is definitely a big extra when talking to a potential groups.

We understand that you have an issue with the high cost of Workman's Compensation for your players and your desire to be exempted from the Workman's Compensation requirement, and be allowed to use your health insurance to cover the Workman's Compensation related injuries should any occur. We realize that this type of exemption has been granted to other industries in the sports field, and we support your request to be exempted.

The Billings Outlaws have been an integral part of our sports community for a number of years and we look forward to a long relationship between the Billings community and the Billings Outlaws.

Sincerely,



Bruce MacIntyre
Director, Government Affairs



815 South 27th Street / P.O. Box 31177 / Billings, MT 59107-1177
ph 406-245-4111 / f 406-245-7333 / www.billingschamber.com

it's
BiLLiNGS
Billings Chamber of Commerce
Convention and Visitors Bureau

Yellowstone County

COMMISSIONERS
(406) 256-2701
(406) 256-2777 (FAX)

P.O. Box 35000
Billings, MT 59107-5000
commission@co.yellowstone.mt.us



February 20, 2007

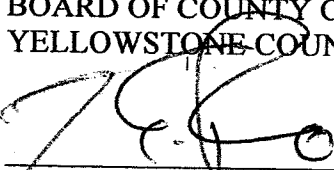
To Whom It May Concern:

The Yellowstone County Commissioners are writing this letter in support of the Billings Outlaws.

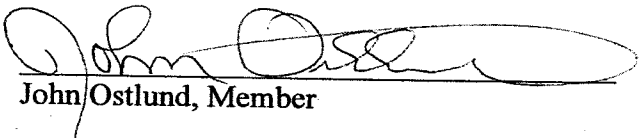
The Billings Outlaws currently are playing in one of our county facilities. We support having the Billings Outlaws play in our community and look forward to many more years of watching indoor football games.

Sincerely,

BOARD OF COUNTY COMMISSIONERS
YELLOWSTONE COUNTY, MONTANA


James E. Reno, Chairman


Bill Kennedy, Member


John Ostlund, Member

BOCC/ptb

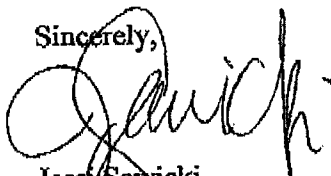
Rocky Mountain Insurance Brokers, Inc.

February 21, 2007

To Whom It May Concern:

I, Jessi Sawicki have spoken with Blue Cross Blue Shield of Montana regarding health insurance coverage for The Montana Outlaws. They are an eligible group for health coverage. The Montana Outlaws will set a probationary period and a work hour requirement. Every player/employee that meets the requirements will receive the health insurance benefits. Please let me know if I can be of further assistance.

Sincerely,



Jessi Sawicki
Agent

Rocky Mountain Insurance Brokers

HEALTH INSURANCE COMPARISON MONTANA OUTLAWS BEST CASE SCENARIO PROPOSED EFFECTIVE DATE MARCH 15, 2007 BY ROCKY MOUNTAIN INSURANCE BROKERS

Company	<u>Proposed Plan 1</u>	<u>Proposed Plan 2</u>	<u>Proposed Plan 3</u>
	BCBS Blue Solutions HDHP 5000	BCBS Blue Solutions HDHP 2500	BCBS Blue Solutions 60/40
Individual deductible	\$5,000.00	\$2,500.00	\$500.00
Family deductible	2 Times	2 Times	2 Times
Deductible Takeover	No	No	No
Dr. visit co-pay	Ded and coinsur applies	Ded and coinsur applies	Ded and coinsur applies
Lab Work - X Rays	Ded and coinsur applies	Ded and coinsur applies	Ded and coinsur applies
Chiropractor	Ded and coinsur applies	Ded and coinsur applies	Ded and coinsur applies
MHCD	\$400 max benefit/\$100 xray Consult contract for specific benefits	\$400 max benefit/\$100 xray Consult contract for specific benefits	\$400 max benefit/\$100 xray Consult contract for specific benefits
Emergency Room	Ded and coinsur applies	Ded and coinsur applies	Ded and coinsur applies
Inpatient Hospital	Ded and coinsur applies	Ded and coinsur applies	Ded and coinsur applies
Outpatient Hospital	Ded and coinsur applies	Ded and coinsur applies	Ded and coinsur applies
Coinsurance	100%	100%	BCBS pays 60% you pay 40%
Total Out of Pocket			
Individual	\$5,000.00	\$2,500.00	\$2,000.00
Family	2 Times	2 Times	2 Times
Dental or Vision	No	No	No
Prescription Card	Ded and coinsur applies	Ded and coinsur applies	\$100 ded then \$8/\$25/\$50
Life Insurance	No	No	No
Maximum Benefit	\$2,000,000.00	\$2,000,000.00	\$2,000,000.00
Supplemental Accident	No	No	No
Wellness Benefits	Ded and coinsur applies	Ded and coinsur applies	Ded and coinsur applies
Precertification Necessary	Yes	Yes	Yes
Member doc's / hospital	Broad	Broad	Broad
Dependent Age Limit	To Age 23	To Age 23	To Age 23
If Full Time Student	To Age 23	To Age 23	To Age 23
Rate Guarentee	1 Year	1 Year	1 Year
Monthly Premium	\$4,888.40	\$8,088.65	\$8,535.90
PREMIUM BREAKDOWN			
Employee Only (35)	\$139.04	\$173.39	\$186.74

*This proposal is not an insurance contract. These proposals are subject to home office approval and do not guarantee coverage, rates, or effective dates.



5 South Last Chance Gulch - P.O. Box 4759 - Helena, MT 59604-4759
 Customer Service: 1-800-332-6102 or 406-444-6500
 Fraud Hotline: 1-800-682-7463 (800-MT-CRIME)

WORKERS' COMPENSATION POLICY INFORMATION PAGE

DATE ISSUED: 02/26/2007

TEAM: 4

1. **INSURED:** MONTANA PROFESSIONAL SPORTS LLC
 PO BOX 81430
 BILLINGS MT 59108

POLICY NUMBER: 03-317196-8

ENTITY TYPE: LLC Managerial

FEIN: 202430715

AGENCY: WESTERN STATES INSURANCE

PHONE: 1-406-656-9800

CITY: Billings

This information is applicable to the entire policy period unless otherwise specified. Earnings of covered individuals must be reported as required by Montana State Fund. You must notify us of changes in your business ownership or operations.

2. **POLICY PERIOD:** The policy period is from 02/24/2007 12:01 A.M. to 02/24/2008 12:01 A.M. at the insured's mailing address.

3. **COVERAGE:**

A. **WORKERS' COMPENSATION INSURANCE:** Part One of the policy applies to the Workers' Compensation Law of the state's listed here: Montana

B. **EMPLOYERS LIABILITY INSURANCE:** Part Two of the policy applies to the work in each state listed in Item 3.A. The limits of liability under Part Two are:

Employers Liability

\$1,000,000.00 Bodily Injury By Accident, Each Accident

\$1,000,000.00 Bodily Injury By Disease, Each Employee

\$1,000,000.00 Bodily Injury By Disease, Policy Limit

Minimum Employers Liability: \$150.00

Subsequent Injury Fund Assessment: 0.0000 %

Workers Compensation Regulatory Assessment Surcharge: 1.6092 %

C. **OWNERS/OFFICERS:**

NAME	TITLE	COVERED?	MONTHLY WAGE LEVEL	EFFECTIVE DATES
Yovetich, Wallace	Manager	No		
Parnell, Mike	Manager	No		
Austin, Dan	Manager	No		

*If the Monthly wage level is 'Actual' the employer is required to report the individuals actual earnings subject to the minimum and maximum reporting requirements for each report period. These amounts are detailed in the Payroll Report Instructions which are enclosed with every Payroll Reporting form.

D. THIS POLICY INCLUDES THESE ENDORSEMENTS AND SCHEDULES:

4. PREMIUM:

The premium for this policy will be determined by our Manuals of Rules, Classifications, Rates, and Rating Plans. All information required below is subject to verification and change by audit.

A. PAYMENT SCHEDULE:

NUMBER	ESTIMATED PREMIUM	REG ASSESS - ADMIN	REG ASSESS - SIF	TOTAL DUE	BILL MONTH
1	\$44,887.32	\$722.33	\$0.00	\$45,609.65	02/2007
2	\$14,962.44	\$240.78	\$0.00	\$15,203.22	03/2007
3	\$14,962.44	\$240.78	\$0.00	\$15,203.22	04/2007
4	\$14,962.44	\$240.78	\$0.00	\$15,203.22	05/2007
5	\$14,962.44	\$240.78	\$0.00	\$15,203.22	06/2007
6	\$14,962.44	\$240.78	\$0.00	\$15,203.22	07/2007
7	\$14,962.44	\$240.78	\$0.00	\$15,203.22	08/2007
8	\$14,962.44	\$240.78	\$0.00	\$15,203.22	09/2007
9	\$14,962.44	\$240.78	\$0.00	\$15,203.22	10/2007
10	\$14,962.42	\$240.78	\$0.00	\$15,203.20	11/2007
TOTAL:	\$179,549.26	\$2,889.35	\$0.00	\$182,438.61	

B. CLASSIFICATIONS:

If you have any questions on the codes assigned or if you need classification codes and rates for any operations not shown below, contact a Customer Service Specialist at the address or phone number shown above.

CODE	DESCRIPTION	ESTIMATED PAYROLL	RATE	ESTIMATED PREMIUM
9179-00	ATHLETIC TEAM OR PARK: CONTACT SPORTS	\$61,509.36	\$282.25	\$173,610.17
	TOTAL:	\$61,509.36		\$173,610.17

C. PREMIUM CALCULATION:

Effective Date	Modifier	Estimated Premium
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<u>Manual Premium:</u>			\$173,610.17
	Effective Date	Modifier	Estimated Premium
Employer Liability Factor:		1.0280	\$4,861.08
	02/24/2007	1.0280	

<u>Modified Manual Premium:</u>			\$178,471.25
	Effective Date	Modifier	Estimated Premium
Experience Modification Factor:		1.0600	\$10,708.28
	02/24/2007	1.0600	

<u>Standard Premium:</u>			\$189,179.53
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C. PREMIUM CALCULATION:

Volume Discount

Effective Date	Modifier	Estimated Premium
		(\$9,642.57)

Earned Premium:

		\$179,536.96
Effective Date	Modifier	Estimated Premium

Terrorism Premium:

\$12.30

Final Premium:

\$179,549.26

D. ESTIMATED PREMIUM:

TOTAL ESTIMATED ANNUAL PREMIUM:	\$179,549.26
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REGULATORY ASSESSMENT - ADMIN:	\$2,889.31
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REGULATORY ASSESSMENT - SIF:	\$0.00
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EXPENSE CONSTANT:	\$145.00
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TOTAL ESTIMATED PREMIUM, POLICY CHARGE, AND REGULATORY ASSESSMENT:	\$182,583.57
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DEPOSIT REQUIRED:	\$0.00
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CURRENT DEPOSIT:	
Cash	\$0.00
Certificate of Deposit	\$0.00
Surety Bond	\$0.00
Letter Of Credit	\$0.00
TOTAL	\$0.00

CC: WESTERN STATES INSURANCE

If you have any questions concerning the information shown on this document, please contact a Montana State Fund Customer Service Specialist at the address or phone number shown above or your agent.